

# **SOCIAL INNOVATION CONCEPT AND ITS IMPLEMENTATION IN THE EUROPEAN UNION AND IN THE REPUBLIC OF LITHUANIA**

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## **Abstract**

The aim of the paper is to disclose the importance of social innovation and generalize innovation promotion policy in the European Union, assessing the actual situation in Lithuania. The need for social innovation is inevitable as different social problems touch modern society. Business, governments, non-governmental organizations have distinct roles and encourage social innovation in different ways, but political will and financial possibilities can lead to great changes. The policy of promoting innovation in Lithuania is in line with the provisions of EU documents, however, in the general innovation system context, little attention is paid to social innovation. Following the evaluation of Lithuania's performance of the research and innovation system, it has been determined that the indicators which were evaluated as weaknesses are primarily related to social problems.

**Keywords:** *evaluation of innovation activities, innovation, innovation policy, social innovation.*

## **Introduction**

Social innovation creates social value and can be realized by blending all stakeholders' efforts and funds, creating more quality and value. Demand for innovative products is endless, and usually some needs remain dissatisfied, but social innovation helps to solve social problems and seek higher quality of life.

Innovation activities in EU are stimulated by creating a favourable environment for the development of national research and innovation systems of EU states. The policy of EU innovation is oriented from "innovation supply" to "demand for innovation", emphasizing the importance of innovation in the public sector.

Lithuania since 2015 has been carrying out Smart Specialization Strategy, there is a large amount of programs, strategies, and legal acts, however, this does not guarantee the efficiency of innovation activity. Lithuania is one of the fastest growing innovators, but analyzing the separate fields, a number of problematic spheres have been identified, especially in assessing social progress of Lithuania.

Now there is a growing body of literature in the field of social innovation, unfortunately, there is a lack of scientific research in the sphere of social innovation in the works of Lithuanian researchers. Social innovation concept was analyzed by Mulgan et al., 2007, Phills et al., 2008, Jiang & Thagard, 2014, McGowan & Westley, 2015, Maurer & Nunes da Silva, 2014, etc.; innovation/social innovation classification was examined by Pol & Ville, 2009, Biggs et al., 2010, Christensen et al., 2006, Westley et al., 1995, Kotsemir et al., 2013, the new types of innovation, such as inclusive innovation, reverse innovation, catalytic innovation, etc. were investigated by Bhatti & Ventresca, 2012, Radjou & Prabhu, 2015, Heeks & Foster, 2013, the actors in social innovation development – by Mulgan et al., 2007, Phills et al., 2008, Jiang & Thagard, 2014, Ellis, 2010; the innovation impacts – by Porter & Kramer, 2011.

**The aim of the paper** is to disclose the potential of social innovation in solving social problems and generalize the policy of social innovation promotion in the European Union, assessing the actual situation in Lithuania.

**The object of the research** – social innovation.

**The problem of the research** – the context of social innovation is very broad, and it is aimed at improving well being. The question is – how the implementation of social innovation is regulated and administered in the European Union and in Lithuania, and what type of social innovation is implemented in Lithuania in the context of social progress.

The research results were obtained using different methods: analysis, systematization, generalization of scientific materials, content analysis of EU documents and national legal acts, **secondary data from world wide data bases and the Lithuanian Department of Statistics were used to** generate new and original insights.

### **The spectrum of social innovation and its urgency**

Last centuries were full of innovations and they spread out in different spheres of social life. Business introduced new technological processes, offered new or modified products, new or different services and ways to receive and access these services. Innovation is a base for economic growth, establishment of new business and creation of new jobs, which in turn create personal income and ensure a higher quality of life.

Unfortunately, economic growth did not eliminate the difference between the rich and the poor, and even more, the gap is growing. Global problems, such as global warming, pollution, exhaustion of resources are disturbing society, furthermore, society is aging, the incidence rate is increasing as more people suffer from chronic diseases, also obesity, alcohol, drugs, they are confronted with social exclusion, families face violence, unemployment and discrimination and many more problems touch modern society. In this context social innovation has become a mean of addressing the existing problems and preventing the deepening of the problems in the future.

Although Pol and Ville (2009) claim that social innovation is a term that almost everyone likes, but nobody is quite sure of what it means, most often social innovation is associated with social needs and values of society by meeting those social needs (Caulier-Grice et al., 2012; Mulgan et al., 2007; Phills et al., 2008; Jiang, Thagard, 2014; Mulgan et al., 2006) and improving the quality of life (Pol, Ville, 2009). A product is a social innovation if it meets these needs and generates value to society. At the same time social innovation generates changes: conceptual, process or product, organisational, also changes in financing, and deals with new relationships with stakeholders and territories in order to solve social problems, herewith, social innovation seeks to change authority and resource flows and finally pushes entire

systems towards greater resilience and sustainability (Westley et al., 2006) as the distribution of responsibilities in the social system is also changing (Westley & Antadze, 2010).

Social innovation is a common dynamics of human history, although the way in which sustainability and resilience are defined at specific historical moments is not constant (McGowan, Westley, 2015), as society's needs, preferences and values are shifting, as well as the perception of social problems is growing in business and public environment. The boundaries between business interests and needs of society are disappearing, and this allows creating social innovation, which produces welfare for society. This can be proved by the increasing number of companies that **disclose non-financial and diverse information**; socially responsible investment has become a growing area of interest for the investors' community both in developed and developing markets. Corporate Social Responsibility itself creates the preconditions for social innovation (Ubius & Alas, 2012) and fits Maurer and da Silva's (2014) view, that social innovation is a humanism-based alternative that addresses social and environmental issues.

Innovation usually takes a form of a process or outcome. The solution that can be considered as innovation must meet relevant criteria. Innovation is: 1) something (process, product, or service) fresh (new, original, or improved); 2) that creates value (Dance, 2008). Mulgan et al. (2006) specify some different criteria – novelty and improvement. According to them, improvements must be more sustainable or just, i.e. environmentally as well as organizationally sustainable solutions are such that can continue to work over a long period of time. As innovations are of different nature, happen in many different ways, and have diverse impacts, various classifications are available in the scientific literature. Pol and Ville (2009) point out two types of business innovation – technological and organizational innovation and according to the scale of change they can take the form of incremental or radical innovation. Most innovations are incremental and represent evolutionary and stepwise improvements to existing ideas, products, or processes. Incremental innovation has a high chance of success and low uncertainty about outcomes (Biggs et al., 2010), while radical innovation involves the development and adoption of new combinations of ideas, products, or processes that challenge or disrupt the broader institutional framework, whether it is social, cultural, political, or economic (Christensen et al., 2006). Both “conventional” and “radical” forms of innovation can be found in social contexts, with the latter leading to profound changes in the systems in which they arise (Westley et al., 2006). Bower & Christensen (1995) divided innovations in sustaining and disruptive. The majority of product and service innovations are sustaining; they provide better quality or additional functionality for the most demanding customers. Some of them are incremental improvements, while others are breakthrough products or services. Disruptive innovations do not meet existing customers' needs as well as currently available products or services, as they may lack certain features or capabilities of the established goods, but they are simpler, more convenient, and cheaper, they fit the needs of new or less-demanding customers, customers who live in less developed countries (Bower & Christensen, 1995).

According to Kotsemir et al. (2013), innovation typology shifted from a more or less well-structured system to a system with a large number of very different types of innovation which are often called differently by different authors and rarely share a commonly understood concept. New types of innovation are basically concerned with companies' strategy in emerging economies. These innovations produce diverse products and services that meet the needs of globalized society and are presented in both practitioner and academic literature, such as inclusive, reverse, catalytic, frugal, bottom of the pyramid, trickle up/bottom up, pro-poor,

below the radar, innovation under constraints, innovation for underserved, and some others. The main accent to most of these innovations is affordability, accessibility, availability, and sustainability, “doing more with less” for both producers and consumers (Bhatti & Ventresca, 2012), moreover, “doing better with less” (Radjou & Prabhu, 2015), providing goods and services for and/or by those who have been excluded from the development mainstream (Heeks & Foster, 2013).

Social innovations are predominantly developed and diffused through organisations whose primary purposes are social (Mulgan, et al., 2007). Despite the fact that a sufficiently large variety of social enterprise models is developed and social enterprises operate in different areas and in diverse directions, social innovation is developed and spread not only by them. While private companies focus on innovations that promote economic competitiveness, at the same time business is developing the advanced tools to address complex societal challenges, and any new ideas meeting social needs developed by a profit-seeking firm turn out to be a social innovation, and, thereby, “every business innovation is a social innovation” (Pol, Ville, 2009, p. 8). New ideas go over the borders of different sectors: one idea encourages another, boosts new projects and activities, bringing the benefits for all actors. Companies getting business and society together redefine their purposes and start creating “shared value” – generating economic value in a way that produces value for society by addressing its challenges (*Porter & Kramer, 2011*).

Innovation emerges in places and from people outside the scope of social entrepreneurship, as even governments produce social innovations (Phills et. al., 2008); innovation is often born by committed citizens with social visions, will and drive, by those, who have the social problems or unsatisfied needs (Ellis, 2010). Businesses, governments, public agencies, foundations, social organizations and movements, high schools, charitable organizations and philanthropists all together work stimulating social innovations, they have distinct roles and possibilities in encouraging innovation, therefore, the systematic approach is necessary to generate and grow new ideas and this requires new ways for them to work together (Mulgan, 2006).

It should be noted, that some social innovations, which were aimed to change the quality of life, ensure greater inclusion and participation, greater collective power and justice, proper economic and social performance failed or did not sufficiently implement the targets, but most of them have spread over the globe and eventually become a part of everyday life. Meanwhile, society is changing and social life becomes more complicated, so the need for social innovations remains relevant.

### **European Union policy to promote social innovation**

EU member states have to take into account Research and Experimental Development (hereinafter RED) shaped at EU level as well as the policy of innovation system, and to coordinate national policy with the policy developed at EU level, as each EU state has its own RED and innovation system that best meets the needs of that state.

The key documents for social innovation are issued by European Commission (hereinafter EC), firstly by Directorate General of Employment, Social Affairs and Inclusion. The most important documents that guide the implementation of social innovation are provided in Table 1.

**Table 1.** Key documents of social innovation

Documents	Essential content of the documents
<b>Guide to social innovation</b> (2013). European Commission. Luxembourg: Publications Office of the European Union. <a href="http://s3platform.jrc.ec.europa.eu/documents/20182/84453/Guide_to_Social_Innovation.pdf">http://s3platform.jrc.ec.europa.eu/documents/20182/84453/Guide_to_Social_Innovation.pdf</a> [12 03 2018]	The definition of social innovation, practical steps for implementing social innovation are presented; the advice to organizations on how to operate so that social innovations would become the measures for social advancement on the strategic issues of European competitiveness.
<b>Europe 2020 Flagship Initiative Innovation Union.</b> European Commission (2010). Luxembourg: Publications Office of the European Union. <a href="https://ec.europa.eu/research/innovation-union/pdf/innovation-union-communication-brochure_en.pdf">https://ec.europa.eu/research/innovation-union/pdf/innovation-union-communication-brochure_en.pdf</a> [13 03 2018]	The program of ten action groups is foreseen. The actions aim at investment in education and science, promotion of innovations, links between the EU and national innovation systems, cooperation between business and research, improvement of business environment, innovation partnership and public sector innovations, and promotion of social innovations.
<b>Oslo Manual. Guidelines for Collecting and Interpreting Innovation Data</b> , 3 <sup>rd</sup> Edition (2005). OECD, Eurostat. <a href="http://www.oecd-ilibrary.org/science-and-technology/oslo-manual_9789264013100-en">http://www.oecd-ilibrary.org/science-and-technology/oslo-manual_9789264013100-en</a> [14 03 2018]	Four types of social innovation are underlined in this document: product innovation; process innovation; marketing innovation; organizational innovation: new organizational methods, business practice, workplace organization.

In the documents presented in Table 1, a lot of attention is paid to social innovation, however, in other EU documents, social innovation is underlined only slightly, only in the general context of innovation development.

The recent documents of EC highlighting seven key actions related to social innovation (Social Innovation, 2018), are provided in Table 2.

**Table 2.** Up-to-date actions promoting social innovation

Actions	Essential content of the actions
<b>1. Networking</b> Social Innovation Community (2018). <a href="https://www.siceurope.eu/">https://www.siceurope.eu/</a> [09 04 2018]	This network helps organizations to join, learn and share experience through the Social Innovation Community portal, funded by the Horizon 2020 project, which is carried out by a consortium of 12 organizations in 2016-2019.
<b>2. Competition</b> European Social Innovation Competition (2018). European Commission. <a href="http://ec.europa.eu/growth/industry/innovation/policy/social/competition">http://ec.europa.eu/growth/industry/innovation/policy/social/competition</a> [09 04 2018]	Annually organized <i>European Social Innovation Competition</i> is aimed to support new social decisions and raise awareness of social innovation. Other European competitions supporting social innovation are the following: <i>RegioStars</i> , which promotes original regional projects, <i>The Social Innovation Tournament</i> supports the best European social business projects.
<b>3. Funding</b> EU Programme for Employment and Social Innovation (EaSI) (2018). European Commission. <a href="http://ec.europa.eu/social/main.jsp?langId=en&amp;catId=1081">http://ec.europa.eu/social/main.jsp?langId=en&amp;catId=1081</a> [10 04 2018]	The <i>EaSI</i> program directly finances social innovation. This EU financial instrument aims at promoting a high level of employment, ensuring adequate and sufficient social protection, fighting against social exclusion and poverty and improving working conditions. Full budget of the program for 2014-2020 is 919,469,000 Eur.

Continued Table 2

<b>4. Ecosystems</b> Social Enterprises (2018). European Commission. <a href="https://ec.europa.eu/growth/sectors/social-economy/enterprises_en">https://ec.europa.eu/growth/sectors/social-economy/enterprises_en</a> [10 04 2018]	<i>Social Business Initiative</i> started in 2011, and established the actions aimed at improving the situation of social enterprises. Another initiative which belongs to <i>Ecosystems</i> is <i>Europe's next leaders: the start-up and scale-up initiative</i> . It provides European innovative businesses with the possibility to become large international business companies.
<b>5. Impact</b> European Social Innovation Research (2018). <a href="http://siresearch.eu/">http://siresearch.eu/</a> [11 04 2018]	This is the website aimed at social innovation research. It focuses on evaluation of social innovation results, measurement of social innovation impact.
<b>6. Incubation</b> Transnational Network for Social Innovation Incubation–TRANSITION (2018). <a href="http://transitionproject.eu/">http://transitionproject.eu/</a> [11 04 2018]	EU incubator networks such as the Transnational Network for Social Innovation Incubation – TRANSITION and BENISI are created. The founders aim to establish the European network for social innovation incubators. BENISI network actively identifies more than 300 social innovations.
<b>7. Exploring</b>	The searches for new ideas, programs or spheres for social innovation, studies on new opportunities are published.

The actions presented in Table 2 show the wide scale of the EC actions aiming to develop social innovation and increase its impact on society. Particular emphasis is placed on the aims to increase the internationalization of social innovation by expanding the implementation of these innovations into international business, to improve the dissemination of information and best practices through international virtual networks covering the majority of organizations.

### Social Innovation Policy of the Republic of Lithuania

There is no separate legal act aimed at social innovation in Lithuania. The policy of this innovation is reflected in the national strategies and programs (see Table 3). They emphasize the importance of social innovation in providing the services for families, children, socially vulnerable groups, increasing employment of the population, their involvement in the labour market and socially beneficial activities, for this purpose using the potential for cooperation between public and private sectors and educational institutions.

**Table 3.** Strategic documents related to social innovation

Documents	Essential content of the documents
<b>Lithuania's Progress Strategy "Lithuania 2030"</b> . (2012). <a href="https://www.lietuva2030.lt/en/about">https://www.lietuva2030.lt/en/about</a> [23 04 2018]	The vision of Lithuania's future is formulated by underlying three spheres of progress: Smart Society, Smart Economy and Smart Governance. It is emphasized that the most important resource of Lithuania is creative and innovative people.
<b>National Progress Program 2014-2020</b> (In Lithuanian) (2016). The Government of the Republic of Lithuania. <a href="https://www.e-tar.lt/portal/en/legalAct/TAR.31A566B1512D/OKkwPNbfzS">https://www.e-tar.lt/portal/en/legalAct/TAR.31A566B1512D/OKkwPNbfzS</a> [24 04 2018]	The program is designed to implement Lithuania's Progress Strategy "Lithuania 2030". It forecasts "to shape the demand for innovation, promote the development and commercialization of new innovative products and services". The outcomes of program implementation in the sphere of social innovation are forecast as well.

<p><b>Lithuanian Innovation Development Program 2014-2020</b> (In Lithuanian) (2013). The Government of the Republic of Lithuania. <a href="https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.463361">https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.463361</a> [25 04 2018]</p>	<p>The program aims “to pool state resources in order to increase Lithuania’s innovation and create competitive economics based on high-level knowledge, advanced technology, skilled human resources and smart specialization”. The importance of public innovation is emphasized.</p>
<p><b>Smart Specialization.</b> Directions of priority research and experimental (socio-cultural) development and innovation development (smart specialization) (In Lithuanian) (2013). The Government of the Republic of Lithuania. <a href="https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.458262">https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.458262</a> [26 04 2018]</p>	<p>Smart Specialization is the strategy of state support for research and innovations. According to six directions of this specialization, the Government in 2014 approved <i>Program on the implementation of the priority areas and (socio-cultural) development and innovation (smart specialization) and their priorities</i>, which also emphasizes social innovation.</p>

The documents presented in Table 3 emphasize that the importance of social innovation in the public sector is increasing, as traditional solutions for long-standing social problems are often insufficient. Innovation in the public sector is especially needed in order to achieve efficiency, resource saving and wider inclusion of social and economic partners.

In Lithuania cooperation between representatives of different spheres is promoted by developing social innovations which have high impact. Therefore, the institutional structure of the administration of social innovation activities has a significant impact on the development and implementation of innovations.

The main steering institutions of the Lithuanian Smart Specialization Strategy and social innovation development are the Ministry of Education and Science and the Ministry of Economy. These two ministries direct the activities of other institutions in the field of social innovation development.

Agency for Science, Innovation and Technology is the main state institution responsible for the implementation of innovation policy in Lithuania. Budgetary institution Research Council of Lithuania carries out expert activities, evaluates research activity, implements program-based competitive financing.

The public institution Research and Higher Education Monitoring and Analysis Centre is an expert institution providing information and recommendations for decision-making on the formation and implementation of science, studies and innovation policy relevant to the society.

The public institution Lithuanian Innovation Centre provides innovation support services to business enterprises, science and education institutions. The public institution Lithuanian Business Support Agency implements national strategies and programs aimed at Lithuanian economic development, helps to invest in business, research, administers the funds granted by EU structural funds and state budget. The public institution Enterprise Lithuania promotes entrepreneurship, modern business development, start-up ecosystem and export.

### Evaluation of innovative activities in Lithuania

**European Innovation Scoreboard 2017**, presented by the EC, shows that Sweden remains the EU innovation leader, while Lithuania is ranked among the average innovators, but it is the fastest growing innovator. Lithuania from the 24<sup>th</sup> place in 2010 moved to the 16<sup>th</sup> place in 2016 among 28 European Union countries. The growth of innovation activity in 2016 compared to 2010 was the fastest among EU 28 and increased by 21.0 percent relative to that of the EU in 2010, when the growth of Sweden's innovation activity increased by 2.3 percent (European Innovation Scoreboard, 2017).

Relative strengths of the innovation system in Lithuania were in *Human resources*, *Innovation-friendly environment* and *Linkages*. What concerns Human resources, one of the assessed spheres *Population with tertiary education* is almost twice as high as EU 28 average, and increased by 56.6 percent relative to that of the EU in 2010. Good results in Innovation-friendly environment were influenced by the indicator *Broadband penetration* as this indicator is almost twice as high as EU 28 average, and increased by 55.6 percent relative to that of the EU in 2010. In *Linkages* dimension *Innovative SMEs collaborating with others* indicator increased by 71.8 percent relative to that of the EU in 2010, the indicator *Private co-funding of public R&D exp.* increased by 173.9 percent relative to that of the EU in 2010, but the change between 2010 and 2016 was negative (-3,9).

Relative weaknesses were in *Attractive research system*, *Intellectual assets*, and *Sales impacts*. The weakest link in the dimension *Attractive research system* was *Most cited publications* as the indicator decreased by 29.5 percent relative to that of the EU in 2010 and was 56.1 in 2010 and only 26.6 in 2016. The indicators of the dimension *Intellectual assets* increased (relative to that of the EU in 2010): *PCT patent applications* – by 7.9 percent, *Trademark applications* – by 36.0 percent, and *Design applications* – by 17.9 percent. However, these changes were not sufficient for the increase of the overall innovation performance. The dimension of sales impacts covers three indicators (*Medium and high tech product exports*, *Knowledge-intensive services exports*, *Sales of new-to-market/firm innovations*), the weakest link was *Knowledge-intensive services exports*, as the results for 2010 were 0.3 and 6.7 for 2016 with the increase by 6.4 percent relative to that of the EU in 2010. Sales of new-to-market/firm innovations were evaluated better, but the decrease by 6.4 percent relative to that of the EU in 2010 was fixed.

The performance of the research and innovation system is also measured by **The Global Innovation Index** (hereinafter GII). The GII relies on two sub-indices: the *Innovation Input Sub-Index* and the *Innovation Output Sub-Index* which are calculated using 81 indicators. The rank of Lithuania in the period of 2014-2017 was changing slightly – the country took the highest position in 2016, however, in 2017 it took the 40<sup>th</sup> position, and it was the worst result during the last four years (Global Innovation Index, 2016, 2017). While assessing Innovation Efficiency, Innovation Efficiency Ratio is calculated as the ratio of the Output Sub-Index to the Input Sub-Index and it shows how much innovation output the country is getting for its inputs. Lithuanian Innovation Efficiency Ratio decreased during the last two years what indicates that Inputs were not effectively converted into Outputs and the analogous situation repeated year after year. The rank of Lithuania concerning Inputs was always higher than GII, but still the country is experiencing problems as investments in innovative activities are inadequate to expected outcomes.

As all indicators are linked together the Lithuanian innovation ecosystem was not well balanced, as investment in human capital and development of innovation infrastructure did not contribute to high levels in knowledge and technology outputs.



The European Innovation Scoreboard and The Global Innovation Index reveal the outcomes of the country's innovative activity, but there are no indicators in the sets, which are directly related to social innovation. **The Social Progress Index** (hereinafter SPI) reveals how a particular state meets the most important needs of citizens, and at the same time helps identify the most important social and environmental issues. According to the SPI Lithuania in 2014 took the 33<sup>rd</sup> place, respectively in 2017 – the 35<sup>th</sup> place (Porter, 2015, 2017). During the analysed period, GDP per capita increased about 19 percent (in current prices), but the progress in social sphere did not take place. As GDP per capita was growing every year, albeit at different pace, according to the SPI 2017, the country was one position lower compared to 2016. In the case of Lithuania, the theoretical assumption that economic development is a prerequisite for social progress was not confirmed. Comparing Lithuanian results with countries having a similar GDP per capita, the spheres in which the country has relative strengths and relative weaknesses were highlighted. The only sphere which distinguishes Lithuania from other states as strength was *Years of tertiary schooling* (2016 and 2017) and *Early marriage* in 2016 (in 2017 this indicator was not counted). The weakest sphere was *Foundations of wellbeing*, what reflects the wealth and welfare of society and population's quality of life. The most problematic component in this dimension was *Health and wellness* as all indicators were evaluated as weaknesses comparing with peer countries.

**Table 4.** Lithuania's place in Social Progress Index

Measures	2014	2015	2016		2017	
	Score* (rank-33)	Score* (rank-35)	Score*	Rank	Score*	Rank
Social Progress Index	73.84 (rank-33)	74 (rank-35)	76.94	34	78.09	35
<b><i>BASIC HUMAN NEEDS</i></b>	<b>82.98</b>	<b>83.75</b>	<b>88.09</b>	<b>40</b>	<b>87.64</b>	<b>40</b>
Nutrition and Basic Medical Care	99.02	99.05	99.06	33	99.17	31
Water and Sanitation	90.30	90.69	91.19	52	91.17	50
Shelter	70.98	73.53	81.01	45	80.59	42
Personal Safety	71.61	71.75	81.09	34	79.64	36
<b><i>FOUNDATIONS OF WELLBEING</i></b>	<b>74.55</b>	<b>74.79</b>	<b>77.07</b>	<b>42</b>	<b>78.48</b>	<b>43</b>
Access to Basic Knowledge	97.18	79.22	98.03	18	98.40	22
Access to Information and Communications	83.21	83.96	85.64	26	84.77	26
Health and Wellness	51.21	51.38	48.71	124	52.75	113
Environmental Quality	-	-	75.91	33	78.00	34
Ecosystem Sustainability	66.60	66.60	-	-	-	-
<b><i>OPPORTUNITY</i></b>	<b>63.99</b>	<b>63.47</b>	<b>65.65</b>	<b>33</b>	<b>68.13</b>	<b>30</b>
Personal Rights	72.94	72.87	73.43	39	86.03	22
Personal Freedom and Choice	64.54	63.32	69.36	40	68.42	42
Tolerance and Inclusion	53.09	52.29	54.05	48	52.52	57
Access to Advanced Education	65.39	65.39	65.76	27	65.56	28

\*Score 0-100

Source: Porter, M., E., Stern, S., Green, M. Social Progress Index 2017, 2016, 2015.

Evaluation results of 2014 and 2015 are more generalized, for this reason a more detailed analysis has been done for the period 2016-2017.

**Table 5.** Relative weaknesses in social progress of Lithuania

BASIC HUMAN NEEDS		FOUNDATIONS OF WELLBEING		OPPORTUNITY	
2016	2017	2016	2017	2016	2017
Access to piped water*	Access to piped water*	Premature deaths from non-communicable diseases	Premature deaths from non-communicable diseases	Freedom over life choices	Freedom over life choices
Rural access to improved water source	Rural access to improved water source	Suicide rate	Suicide rate	Satisfied demand for contraception*	Satisfied demand for contraception
Access to improved sanitation facilities	Access to improved sanitation facilities	Obesity rate	Gender parity in secondary enrolment*	Tolerance for immigrants	Tolerance for immigrants
Availability of affordable housing	Availability of affordable housing		Life expectancy at 60	Tolerance for homosexuals	Tolerance for homosexuals
Homicide rate	Homicide rate				

\*slightly worse than in peer countries

What concerns the basic human needs, the situation remains unchanged. Despite government's efforts to ensure the provision of centralized supply of drinking water, the public supply of water in 2016-2017 was used by 82 percent of the Lithuanian population. An annual survey of water samples from wells shows that in 2014 93.3 percent of studied wells did not meet the microbiological requirements, respectively in 2016 – 49 percent (SMLPC, 2016). Drinking water quality is a priority of the country's government, but it requires significant investment.

The *right to housing* is one of the main social and economic rights of a person. At the end of 2016, about 13,000 people were waiting for social housing, and the government endorsed the target for only 20 percent of all social housing rental persons who rent housing on the market, while the most of the municipal strategic planning documents do not specify and do not achieve ambitious results – using public funds to ensure the affordability of housing to as many individuals as possible, therefore, housing compensation payments in 2015 were given to 0.3 percent, and in 2016 to 6.8 percent of planned individuals and families. Municipalities in 2015 did not use the allocated 3 542,1 thousand Eur, and in 2016 even 104.9 thousand Eur of public funds, when the leasing compensation is not yet used (Gibavičiūtė, 2017).

*Homicide rate* is one of the indicators describing *personal safety*. This indicator shows a number of homicides, as unlawful death inflicted upon a person with the intent to cause death or serious injury, per 100,000 inhabitants. Homicide rate, according to Homicide monitor 2010-2014, decreased from 6,3 per 100,000 inhabitants to 5,3 per 100,000 inhabitants, when in 2015 increased slightly – 5,8 per 100,000 inhabitants (Homicide monitor, 2016). Assessing the situation in Lithuania, according to the Global Peace Index (GPI), which measures the relative position of nations' and regions' peacefulness, Lithuania from the 48<sup>th</sup> place in 2008 climbed to the 37<sup>th</sup> in 2017, and according to the Positive Peace Index, from the 46<sup>th</sup> position in 2014 it jumped to the 26<sup>th</sup> place in 2016 (Positive Peace Report 2017, 2016, 2014). Indicator

sets are used to calculate these indexes, thus the fixed situation only partly is concerned with homicides.

Intoxicated persons make about 60-70 percent of all murders, therefore, in response to the situation Drug, Tobacco and Alcohol Control and Consumption Prevention Program of the period 2015-2025 was approved by the State in 2014, and since 2016 the sale of alcohol in gas stations has been prohibited; in 2017 the Seimas adopted Amendments to the Law on Alcohol Control: banned the sale of bottled alcohol in bottles of high capacity, tightened the nightly trade in alcohol; since 2018 additional amendments have been adopted – limited time to trade in alcohol, age of shoppers (20 years of age and older), advertising, but the amount of alcohol consumed by the population, the extent of alcoholism, the incidence of alcoholic psychosis is still very high. In Lithuania more than 20 percent of deliberate murders occur in a nearby environment, and in 2011 the Law on Protection against Violence in the Near Environment was adopted. Most of the murders are associated with an unsatisfactory economic and social situation, as about two thirds of the perpetrators are unemployed, about a tenth of the killings are committed by various criminal groups.

Various measures have been taken to address the current situation: Mental Health Strategy was approved in 2007, the Public Police Bureau, the Correctional Inspectorate (territorial and regional), the Prisoner Guardians' Society, Police Supporters are in place, the active Crime Stoppers movement and the Safe Neighbourhood Model are being implemented, but there are still no major changes.

Analysing the dimension *Foundations of wellbeing*, the situation changed slightly as Lithuania dropped one position down – from the 42<sup>nd</sup> place (2016) to the 43<sup>rd</sup> place (2017). The most problematic component was *Health and wellness* as all indicators: premature deaths from non-communicable diseases, suicide rate, gender parity in secondary enrolment, life expectancy at 60 in 2017 were evaluated as a weakness comparing with peer counties. A very similar situation was in 2016, as component *Health and wellness* was also evaluated as a weakness, the only difference was that in 2017 the indicator *Obesity rate* was not ranked, nevertheless, in 2016 it was considered as a problematic field.

The indicator *Premature deaths from non-communicable diseases* is calculated as mortality rate due to cardiovascular diseases, cancers, diabetes, and chronic respiratory diseases among population aged 30-70 years. The morbidity of cardiovascular diseases in Lithuania is one of the highest in Europe, due to these diseases, most of the country's population die, malignant tumours are ranked in the second place in terms of population mortality. Different types of social innovation take place to prevent these diseases, primarily free prevention programs, population health check, diagnostics, cardiovascular disease programs, etc.

Six percent of the country's population suffer from chronic bronchitis, chronic obstructive pulmonary disease, emphysema. The main risk factor of these diseases is smoking, therefore, the government adopted various legal acts to decrease smoking: the excise duty for cigarettes and tobacco has been increased, it has been banned to smoke in restaurants, cafes, bars, clubs, discotheques, Internet cafes, public transport stops, etc. Although smoking is declining every year, about one third of the population aged 18-74 are smoking.

The prevalence and mortality of diabetes in Lithuania is still one of the smallest in the EU, although morbidity is increasing every year, therefore, diabetes prevention programs are being actively implemented in the country: the Program for improving the health of persons who are in the risk group of cardiovascular diseases and diabetes, the diabetes association, the diabetes clubs for children, youth and adults are operating in the country, conferences, thematic public lectures, informational events are organized.

A big social problem in Lithuania is suicide. The *suicide rate* is more than three times the average of EU countries. Having assessed the scale of the problem, different social innovations took place. In Lithuania there are helplines, where professionals of mental health and volunteers are working. The helplines are specialized according to age, e.g. Youth line (Jaunimo linija), Help for children line (Pagalbos vaikams linija), Hope line (Vilties linija), Silver line (Sidabrinė linija), according to gender, e.g. Aid for Women line (Pagalbos moterims linija), according to nationality, e.g. Trust line (Linija doverija), at the end of 2017 the helpline for parents Parent line (Tėvų linija) started working. Counselling is provided not only by telephone, but also by sending messages, the online chats are organized. Mass media cover social advertising that promotes to discern and suppress suicide, violence and bullying. Information on assistance and its accessibility by various means is provided.

Analysing the dimension **Opportunity**, the situation improved as Lithuania climbed three positions up from the 33<sup>rd</sup> place (2016) to the 30<sup>th</sup> place (2017). The same indicators during the last two years were evaluated as weaknesses comparing with peer countries: Freedom over life choices and Satisfied demand for contraception in the component *Personal freedom*, and Tolerance for immigrants and Tolerance for homosexuals in the component *Tolerance and inclusion*.

*Freedom over life choices* is understood as a possibility to choose what you do with your life. Such question was given to Lithuanian respondents in Gallup World Poll, and Lithuania was ranked the 112<sup>th</sup> place in 2016, respectively – the 115<sup>th</sup> place in 2017. Freedom means a lot of things to different people, but one of the main reasons for limited choices can be attributed to Lithuanian economy. Many Lithuanians continue to lack confidence in the state economy and possibilities to improve their quality of life. Nevertheless, the state economy is improving, the majority of people do not feel this in their daily lives, and this becomes the reason of steady outflow of young and highly educated people abroad. Lithuania's economic freedom score was 75.3, making economy the 19<sup>th</sup> freest in the 2018 Index of Economic Freedom. Its overall score has decreased by 0.5 point comparing with 2017 (75.8) with declines in the scores for government integrity and business freedom more than balancing improvements in investment freedom, judicial effectiveness, and fiscal health. Lithuania was ranked the 11<sup>th</sup> among 44 countries in the Europe region, and its overall score was above the regional and world averages (Miller, Kim, Roberts, 2018), while in 2017 the results were better – Lithuania's economy was the 16<sup>th</sup> freest in the 2017 Index of Economic Freedom, and the state was ranked the 8<sup>th</sup> among the countries in the region (Europe, 2017). Although the Index of Economic Freedom slightly declined, Lithuania's position in World Happiness Ranking went up to the 21<sup>st</sup> position from the 71<sup>st</sup> in 2013, and to the 50<sup>th</sup> position in 2018 (World Happiness Index, 2018). Discussed indicators allow to measure changes, but it is difficult to simulate the future, as freedom of choices is determined by a lot of additional factors: education and practical experience, age and health, self-confidence, values and culture, family influence, readiness to take risks, public opinion, etc.

*Satisfied demand for contraception* is calculated as the percentage of total demand for family planning among married or in-union women aged 15 to 49 that are satisfied with modern methods. In 2018 World Contraceptive Use survey was conducted, women, aged 18-49, answered several questions, and survey revealed that 62.9 percent of surveyed women use contraceptives, when 50.4, percent use available modern methods (World Contraceptive Use, 2018). The Barometer of Women's Access to Modern Contraceptive Choice in 16 European Union (EU) countries highlighted the unfortunate trend that EU member states are continuing

to fail in their commitments to improve equitable access to modern contraceptive needs, and in Lithuania women's reproductive rights are weakly defended (Barometer, 2015). Sexual and reproductive health and rights (SRHR) in Lithuania are not distinguished as political priority.

The Government of the Republic of Lithuania has not yet prepared a SRHR strategy, draft law or program that includes family planning or contraception issues. The number of artificial abortions in the country is decreasing: in 2016, compared with 2010, it has decreased by almost 36 percent, but absolute figures remain high – in 2016 there were 4,502 cases (Statistics Lithuania). Residents have limited access to individual contraceptive counselling services, there is no reimbursement of costs for obtaining affordable contraceptives, and therefore young people sometimes face financial problems. While there is enough information on contraception in public space, a comprehensive, science-based sexual education program is needed to help young people make appropriate decisions about their sexuality and health.

Indicator *Tolerance for immigrants* was calculated according to the results gained from Gallup World Poll. Gallup's Migrant Acceptance Index for Lithuania was 2.72, when the highest score was for Iceland – 8.26. Migrant Acceptance Index is based on three questions: immigrants living in this country (a good thing), an immigrant becoming your neighbour (a bad thing), an immigrant marrying one of your close relatives (voluntary question). The index is a sum of the points across the three questions, with a maximum possible score of 9.0 (Esipova, Fleming, Ray, 2017).

The results can be explained not so much as immigration intolerance, but as the concern about the limited financial capacity of the country to provide decent living conditions for immigrants, to integrate them into society and labour market, when more than a fifth of the country's population in 2017 lived below the poverty line. Lithuanian society is rather reserved and, in many respects, tends to maintain its homogeneity – national, sexual orientation, etc. However, according to the data of the survey performed in 2015, every second resident of Lithuania would agree with the reception of refugees. This may be related with other countries' initiatives for the reception and support of refugees.

Indicator *Tolerance for homosexuals* was also calculated according to the results gained from Gallup World Poll. This indicator shows the percentage of respondents answering 'yes' to the question "Is the city or area where you live a good place or not a good place to live for gay or lesbian people?" Respondents answers distributed as follows: Lithuania is a good place to live for gay or lesbian people – 20 percent, not a good place – 48 percent, don't know/refused – 31 percent (McCarthy, 2014). The survey was carried out in 2013, but the situation has changed a little: homosexuals and transsexuals remain in the hierarchy of unpopular groups of the society. Lithuanians do not want to live in their neighbourhood, work together, and rent them housing. The most widespread bullying in Lithuania is due to gender and sexual orientation. No detailed research has been done to find out the prevailing negative attitude towards these groups, but Lithuania is a Catholic country and most people support a traditional relationship and family model. Politicians and opinion-makers have a great influence, but this question is still not the subject of deeper discussions, and homosexuals still feel discriminated.

### Conclusions

Progress has come about through the mutual/joint reinforcement of social, economic, technological and political innovations. Social innovation generates changes in relationships between business and government, non-governmental organizations and ordinary citizens, it cannot be directly planned and produced, but it can be stimulated by creating a favourable

environment conducive to the emergence of innovation. Like any innovative process, rates of success can be increased, but substantial failure rates for social innovations are to be expected. As society is changing and social life becomes more complicated, the need for social innovation will remain essential.

Social innovation is emphasized in the EU's policy on promoting social innovation as an integral part of the overall innovation system, the place and significance of social innovation for the social environment of the society are highlighted. The EC carries out direct financing of social innovation through EU investment programs. It creates networks for the organizations across Europe to connect, learn from each other and share experiences.

The importance of innovation for the Lithuanian economy and society is reflected in a number of strategic state documents, and there is a multi-faceted administrative system of innovation promotion, which is enabled by the relevant legislation. A major part of the EU investment for all EU member states in the area of innovation is devoted to Smart Specialization, and for its implementation a relevant program Research and Experimental Development has been created in Lithuania. However, social innovation both in this program and in other Lithuanian documents is rarely highlighted in the overall innovation system.

Lithuania according to European Innovation Scoreboard 2017 was one of the fastest growing innovators due to high quality of human resources, innovation-friendly environment and well established linkages. However, according to Global Innovation Index 2017, the state's position was the worst in the last 4 years, and this indicates that Lithuania's performance of the research and innovation system was not properly balanced as inputs in innovation activities were not effectively transformed to innovative products or services.

Social Progress Index revealed that progress in social sphere did not take place while the state experienced economic growth. Lithuania has always been notable for the big number of people with higher education, a high level of foreign language skills, however, this have not offset the problematic areas, that emerged while assessing the country's social progress. Better social outcomes can be achieved without large financial investments, but by introducing social innovation, involving public and non-governmental organizations, active citizens and politicians to reveal the potential of social innovation.

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## SOCIAL INNOVATION CONCEPT AND ITS IMPLEMENTATION IN THE EUROPEAN UNION AND IN THE REPUBLIC OF LITHUANIA

### *Summary*

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*The aim* of the paper is to disclose the importance of social innovation and generalize innovation promotion policy in the European Union, assessing the actual situation in Lithuania.

*The scientific problem* is addressed within the broad theoretical context of social innovation, highlighting the impact of these innovations on the improvement of public welfare. The following questions have been answered: how the implementation of social innovation is regulated and adminis-



tered in the European Union and in Lithuania, what social innovations and how they are implemented in the context of social progress.

The article analyzes the social welfare progress through social innovations, by implementing social, economic, technological and political innovations. A lot of scientific sources emphasize that social innovations create the changes in the relationship between business and government, non-governmental organizations and citizens, they can not be directly planned and developed, however, they can create a favourable environment for socio-economic changes in the society. As the society is changing and social life is getting more and more complex, the need for social innovation is increasing.

In the EU innovation promotion policy, social innovation is emphasized as an integral part of the overall innovation system, the place and importance for the social environment of the society are defined. The European Commission carries out direct financing of social innovation through EU investment programs. It creates networks that enable all European organizations to join, learn from each other and share experience.

Although EU Member States need to coordinate national social innovation policies at EU level, each EU country can have its own innovation system. *Smart specialization* is the strategy of the Lithuanian state research and innovation for the year 2014–2020. It covers the directions and priorities of research and innovation development, which include integrated and social innovation opportunities.

The importance of innovation for the Lithuanian economy and society is reflected in the majority of strategic state documents. A multifaceted administrative system for promoting innovation has been created in Lithuania, which is enabled by the relevant legislation. The major part of EU investment in Lithuania in the area of innovation is devoted to the research in smart specialization. However, social innovations in this specialization and in other Lithuanian documents are rarely highlighted in the common innovation system.

According to the EU Innovation Scoreboard 2017, Lithuania was one of the fastest growing innovators due to high-quality human resources, innovation-friendly environment and communication. In accordance with the Global Innovation Index in 2017, Lithuania took the 40th place. Innovation efficiency ratio in 2017 compared to 2014 decreased, and the social progress index slightly changed.

**Keywords:** *evaluation of innovation activities, innovation, innovation policy, social innovation.*

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